

**ENERGY REGULATORY COMMISSION OF THE REPUBLIC OF ARMENIA**

**RESOLUTION No.34**

**dated November 29, 1999**

**City of Yerevan**

**On Tariffs for Natural Gas**

Being guided by Item “a” of Article 20 of the RoA Energy Law, and taking into consideration that:

- The owner of the RoA gas transportation system is the “ArmRosgasprom” CJSC;
- “Transgas” Ltd and “Gazabashkhich” Ltd founded by ArmRosgasprom CJSC are licensed to transport and distribute natural gas in the Republic of Armenia;
- the licensed operation of transportation and distribution of natural gas is employed with the ArmRosgasprom property, which is transmitted to “Transgas” Ltd and “Gazabashkhich” Ltd for trust management ;
- a certain portion of natural gas is imported and sold to customers by ArmRosgasprom CJSC;
- a certain portion of natural gas is imported and sold to customers by Haygasard State-owned CJSC with the purpose to fill the foundation capital of the ArmRosgasprom CJSC;

as well as having examined the natural gas sale and service provision tariffs applications of the companies licensed for operation in natural gas sector,

the Energy Regulatory Commission of the Republic of Armenia hereby **resolves**:

1. To set

1.1. the following natural gas sale tariff:

- a) For residential customers and customers with natural gas consumption up to 10.0 thousand normal cubic meters (ncm) – **51000 Drams** (VAT included)/per every 1000 ncm consumed,
- b) For customers with more than 10.0 thousand ncm monthly consumption – **US \$79.1**equivalent in Drams (VAT included)/per every 1000 ncm consumed.

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- 1.2. The natural gas transportation tariff – **US \$5.783** equivalent in Drams (VAT included)/ per every 1000 ncm of natural gas actually transported and delivered to the distributor (“Gazabashkhich” Ltd) and /or underground gas storage/stations.

Of which,

- a) The portion of the natural gas transporter company (“Transgas” Ltd) is **US \$2.113** equivalent in Drams (VAT included)/ per every 1000 ncm of natural gas actually transported and delivered to the distributor (“Gazabashkhich” Ltd) and /or underground gas storage/stations,
- b) The portion that acquires from the proprietary right of the transportation network (ArmRosgasprom CJSC) is **US \$3.67** equivalent in Drams (VAT included)/ per every 1000 ncm of natural gas actually transported and delivered to the distributor (“Gazabashkhich” Ltd) and /or underground gas storage/stations.

- 1.3. The natural gas distribution tariff – **US \$6.126** equivalent in Drams (VAT included)/ per every 1000 ncm of natural gas actually distributed (sold).

Of which,

- a) The portion of the natural gas distributor company (“Gasabashkhich” Ltd) is **US 4.195** equivalent in Drams (VAT included) per every 1000 ncm of natural gas actually distributed (sold),
- b) The portion that acquires from the proprietary right of the distribution network (ArmRosgasprom CJSC) is **US \$1.932** equivalent in Drams (VAT included) per every 1000 ncm of natural gas actually distributed (sold).

(In the tariff calculations the technological losses are considered equal to:

- 3.3% of the volume of gas received from the importer and/or underground gas storage/stations – in the transportation network,
- 2.5% of the volume of gas received from the transporter – in the distribution network).

2. Note, that the tariffs set by Items “a” and “b” of Article 1.1 of this Resolution include the natural gas import expenses – **US \$0.611** equivalent in Drams (VAT included) per every 1000 ncm of natural gas actually distributed (sold).

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3. Taking into consideration that:

- the annual least cost for safe and reliable operation of the transportation network is **US \$2.108** equivalent in Drams (VAT included), and the annual least cost for safe and reliable operation of the distribution network is **US \$4.762** equivalent in Drams (VAT included), regardless of the volume of gas received from importer or transporter,
- Transgas Ltd and Gazabashkhich Ltd. have been provided with respective operation licenses and, based on them, are implementing licensed activities with the guarantee of the ArmRosgasprom CJSC,
- ArmRosgasprom CJSC is adequately liable for Transgas Ltd.'s and Gazabashkhich Ltd.'s conformance with the license provisions,

to suggest to ArmRosgasprom CJSC to sign corresponding contracts with Transgas Ltd. (a natural gas transportation license holder entity) and with Gazabashkhich Ltd. (a natural gas distribution license holder) to cover the necessary expenses mentioned in this Item.

4. To recognize as invalid the RoA ERC Resolution No 7, dated August 8, 1997, and Resolution No 14, dated October 24, 1997.
5. This Resolution comes into effect starting January 1, 2000.

V. Movsesyan,  
Chairman of the ERC.